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FOREIGN AGRICULTURE

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World Horticultural Trade in the 60's

Thailand's Canned Pineapple

Survey of Israel's Agricultural Trade

Foreign
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This week's cover:

A Parisian fruit fan reaches for an apple from a genial merchant. France's apple production has tripled in the past 10 years and its apple exports are increasing rapidly. For a discussion of world horticultural trade during the last decade see article beginning this page.

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The Story of the 1960's:

BY GILBERT E. SINDELAR
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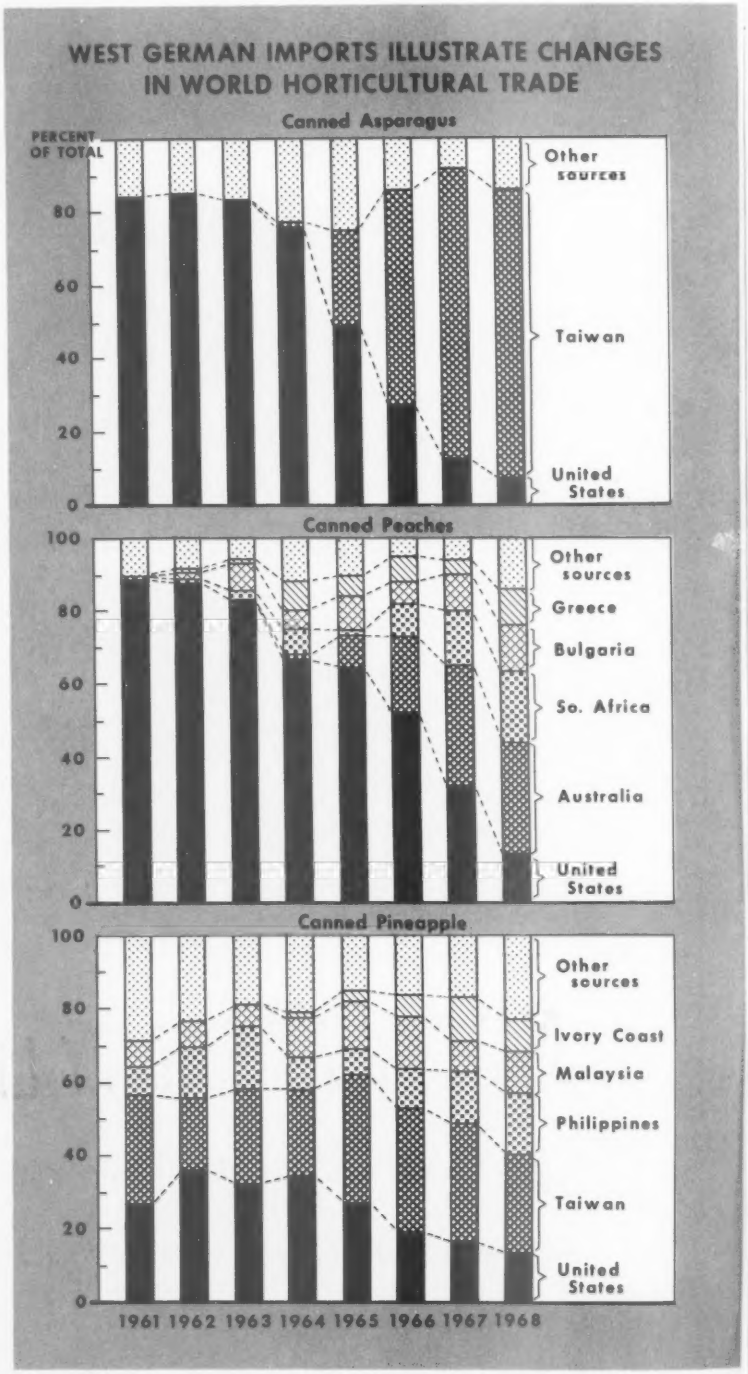

s: U.S. Fruits and Vegetables in World Trade

The keynote of world horticultural trade during the 1960's has been dramatic change. Though this decade has witnessed a rapid sequence of revolutionary innovations in marketing as well as continuing advances in production technology, such accomplishments have been overshadowed by the birth of an entirely new era of world competition.

As the sixties opened, the United States was the undisputed leading world supplier of many fruits and vegetables, particularly processed products. Because of its advanced production and marketing know-how, as well as the efficiencies of its large-scale operations, it could capitalize on the expanding horticultural market in Western Europe. At that time, many of the trade barriers erected immediately after World War II for balance-of-payments reasons were finally beginning to disappear, in reflection of the increasing affluence of the European consumer.

As the decade progressed, however, the commanding U.S. lead slowly began to dwindle. Suppliers like Taiwan, Australia, South Africa, Greece, and Israel became formidable competitors in volume, quality, and price; markets like West Germany and the United Kingdom became increasingly receptive to the horticultural exports of these and other U.S. competitors.

The impact of this new competition upon the grand total of U.S. horticultural export earnings is not yet immediately apparent. Because of the large number of fruit and vegetable items we export, momentary and vacillating gains for some have tended to obscure any general downward trends in the making. However, a look at export trends for some individual members of the U.S. canned fruit and vegetable family makes the competitive impact much plainer, as the following table indicates:

Item	Average 1960-63	1966	1967	1968
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*
Peaches	25.5	21.9	15.1	12.5
Pineapple	13.1	14.7	10.7	9.5
Pears	1.7	1.3	.9	.9
Apricots	1.7	1.0	.7	.6
Asparagus	12.3	9.2	5.4	4.5

Without question, intermittent crop shortages in the United States have facilitated the penetration of world markets by other suppliers. Nevertheless, there have been factors of a more enduring nature, which make it increasingly unlikely that this country can regain its former commanding share of the world horticultural market.

Prominent among these factors is the spread of horticultural activity to a number of countries whose economies—either because of underdevelopment or because of the ravages of war and internal strife—were desperately in need of foreign exchange. A second factor is the transplanting of American know-how in production, processing, and marketing—not only through competitors following our example but through direct U.S. investments in foreign countries. A third is the rise of the European Community and its drive toward self-sufficiency, expressed in protection of its domestic horticultural output. A fourth is the existence or growth of preferential trade arrangements, such as the longstanding ones of the United Kingdom with Commonwealth suppliers and the more recent ones of the EC with associated countries and Mediterranean citrus suppliers.

New horticultural competition

Just prior to the turn of the 1960's, there were signs that a number of countries were actively seeking to initiate or expand horticultural production. Many of these countries had not yet developed their economies; others were crippled by the aftereffects of war or domestic strife; all needed rapid increases in their foreign exchange earnings. A predominantly rural populace, extremely low wage rates, and great reserves of unemployed were common among them. To many of their national planners, horticultural pursuits offered far more attractive returns per unit of endeavor than did the more basic agricultural commodities, which were frequently plagued by worldwide surpluses. This new interest was enthusiastically supported at the highest levels in government. Perhaps more than any other exporting country, the United States has been vulnerable to the new competition.

One of the most outstanding of these new horticultural competitors has been the Republic of China (Taiwan). Largely because of its low wage rates and raw product costs, Taiwan has achieved within this decade a leading supplier role for a number of horticultural products. Today, it stands as the No. 1 exporter of three canned products—mushrooms, asparagus, and pineapple. It has not only penetrated deeply into the U.S. domestic market but has seriously disrupted U.S. exports of these products.

Our canned mushroom imports from Taiwan have risen from zero in 1960 to a record high of 19 million pounds in 1968. Our only export market of any significance has been Canada. Taiwan has not only captured it but has been the key factor in its sensational growth. In 1960, for example, imports into Canada totaled 330,000 pounds, of which the United States contributed 46 percent and Taiwan less than 1 percent. By 1968, however, Canada's total imports had skyrocketed to 7.7 million pounds, with Taiwan accounting for 92 percent and the United States for about 2 percent.

For canned asparagus and pineapple, Taiwan's disruption of U.S. exports is best exemplified in West Germany—by far the leading European importer of these products. As an asparagus supplier to West Germany, we have almost completely changed places with Taiwan. In 1961 we furnished 84 percent of Germany's imports and Taiwan none; by 1968 Taiwan had a 79-percent share and we had 7 percent.

The canned pineapple market—especially in West Germany—was penetrated by Taiwan somewhat sooner, in the late fifties. Though Taiwan has since taken from the United States (and in most years held) the role of No. 1 German supplier, it has been having a competition problem of its own there—particularly from Malaysia, the Philippines, and the Ivory Coast, which are now looking to the export market more intently.

Mexico's agricultural community, like that of Taiwan, was also in need of a new sense of direction as the sixties opened.

Though the growth of Mexico's fruit and vegetable output has been aimed primarily at the U.S. winter market, signs of disruption are beginning to appear on the U.S. export scene. In Canada, for example, Mexico and the United States a few seasons ago each contributed close to half the fresh tomatoes imported during the "winter" months, November-May. This past season, however, the U.S. share was only one-fourth; Mexico's rose to three-fourths.

The spread of American know-how

American ingenuity in producing and marketing quality fruits and vegetables has been well recognized. Thus, a U.S. label has often commanded a premium in important off-shore markets. Today, we find that the quality gap has markedly narrowed. Stringent controls at all stages in the marketing chain are being widely and increasingly practiced. Whether the competing product is an Australian apple, a Moroccan orange, or a South African canned peach, we find it coming to market in "Sunday best."

Contributing much to this widespread improvement in market offerings has been the rapid pace at which American know-how has been transplanted to other producing areas over the past decade. Many countries successfully encouraged U.S. investments with the accompanying managerial and engineering skills. The schooling of foreign personnel in the U.S. scene, too, provided an expansionary influence.

The extension of U.S. processing operations into foreign areas has also done much in this direction. Once the decision had been made to launch operations abroad, the U.S. subsidiaries immediately began drawing upon the best of their experiences in the States. Fieldmen were brought in to train growers in the application of cultural skills. Seeds, plants, and other nursery stock were imported from the States. Experimental plots, continually testing the adaptation of improved U.S. varieties to local conditions, became an important adjunct of canneries. Processing operations, too, bore a striking resemblance to their counterparts in the United States from the standpoint of quality control and plant layout, as well as the presence of U.S. machinery and equipment.

The extension of U.S. processing interests abroad has not only implanted American know-how around the globe, but even more importantly, lessened export opportunities for processed fruits and vegetables directly from the United States. Labels that once identified products as solely of U.S. origin are now commonly used overseas by the parent company. Today, with the label symbolizing a quality reputation of long standing, and with no discernible differences in content, origin is of little or no interest to the world consumer.

Domestic protection in the EC

The drive toward greater self-sufficiency in the EC—a horticultural market of high world importance—has prompted a system of protective devices designed to minimize import disturbances to local marketings, although high tariffs in most instances already afforded more than adequate protection. These devices include reference or minimum import prices for certain fresh fruits and vegetables originating in third countries; a highly idealistic set of quality standards for perishables; the discriminatory application of plant quarantine regulations; the imposition of import embargoes when local markets are saturated; and a sugar-added levy for a wide array of processed fruits and vegetables. The threat of a minimum-import-price system for processed products is now being raised within EC officialdom.

With assurances of protection from the outside and active encouragement from within through loans and price support measures, Community growers have dramatically increased their production. For some products, in fact, EC horticultural output is now approaching or even exceeding self-sufficiency. To meet the apparent need for export markets, the EC has initiated a number of assistance measures. Among the more important are funds for promotional activities, direct subsidies for selected commodities moving to the fresh market, and export rebates on the sugar-added content in processed fruits and vegetables.

The EC production explosion is most vividly exemplified by apples. Though some increased activity was evident earlier, the late 1950's brought heavy plantings, extending over into the first half of this decade. The Community's output today approximates 300 million bushels, nearly double that of the late 1950's. In France alone, apple production has more than tripled in only 10 years. France has not only penetrated deeply into the markets of the Community but is now looking desperately beyond EC frontiers. Already, the extension of its fruit exports into the United Kingdom and Scandinavia has considerably disrupted other exports, particularly those from the United States and Canada and even those from the Southern Hemisphere. And, because of growth in storage, French suppliers have become a threat during much of the year.

The early belief that a highly protectionist attitude would prevail within the EC prompted a number of "international" processing firms—some of U.S. parentage—to set up operations in the Community. This trend was encouraged by the planned abolition of duties and other barriers to a free flow of trade between Member States. Though the effects of such operations have not been fully realized, there are scattered indications that a number of U.S. processed fruits and vegetables no longer enjoy trade positions comparable to their earlier ones.

Commonwealth preferences

Oldest of the world's preferential structures is that of the British Commonwealth of Nations. Before about 1963, preferential treatment of Commonwealth suppliers by the United Kingdom did not unduly hamper the growth of a healthy U.K. market for horticultural products from other countries—especially the United States. In the early sixties, imports of U.S. canned peaches, for example, averaged about 1.2 million cases a year (basis 24/2½'s). Though the two largest Commonwealth suppliers—Australia and South Africa—had duty-free treatment, they had not yet reached a volume-quality-price status that could threaten the U.S. market position. Imports from the United States were assessed a duty of 12 percent ad valorem (plus an additional levy for sugar added).

From 1963, however, it was apparent that Australia and South Africa were not only expanding output but improving quality. Lower costs resulting from larger scale operations were also being reflected in their offering prices. As a consequence, the U.K. market began to sway more and more in their favor, with tariff preference frequently the deciding factor. Our participation dwindled steadily, from 472,000 cases in 1963 to only 11,000 in 1968.

Should the United Kingdom eventually join the EC, the nature and extent of its preferential system would naturally

be of deep concern to U.S. exporters. Whether it brings with it part or all of its own Commonwealth preference system, adapts itself to the EC preference system, or both—the outlook is cloudy for U.S. horticultural exports.

EC preferences

The extension and proliferation of preferential treatment through special EC agreements of association is a more recent development, the impact of which cannot yet be fully evaluated. The EC took its first major step in this direction in the early 1960's when it gave Greece a status of association. EC imports from Greece are treated, for the most part, in the same manner as products of the six Member States.

Greece's horticultural exports were historically fresh fruit and certain dried fruits (raisins, currants, and figs). But its tariff advantages in the EC—including duty-free status since July 1, 1968—have provided considerable impetus to the development of a canning industry. Today, Greece is already showing signs of becoming a formidable competitor in EC markets, particularly in canned peaches, canned tomato products, and citrus juices. For example, its contribution to the canned peach market in West Germany during 1968—401,000 cases (basis 24/2½'s)—represented 10 percent of the import total and a twentyfold increase over its contribution in 1962, the year of its affiliation with the EC. The EC's common external tariff for canned peaches (in consumer sizes with sirup added) is currently 24.6 percent ad valorem.

Turkey—another Mediterranean country—is now in transition toward association status and presently receives EC preferential quotas for some of its more important exports, among them raisins, dried figs, and filberts.

Another major step taken by the EC earlier in this decade was embodied in the Yaoundé Convention of 1963. This agreement, linking the Community with 18 independent African countries, stood to affect one item of high prominence in U.S. horticultural exports—canned pineapple. Largely because of the agreement's extension of duty-free treatment (the EC's common external tariff is currently 24.6 percent ad valorem), as well as freedom from the EC's sugar-added levy, the Ivory Coast—one of the signatories to the Convention—has expanded its exports of canned pineapple to the Community. In recent years it has moved 250,000-400,000 cases into the German market, in contrast to negligible quantities before 1963; and the U.S. share of that market has drifted steadily downward, from 34 percent in 1964 to 13 percent in 1968. This decline, however, is attributable also to the increasing penetration of a host of other low-cost producers, particularly Taiwan, Malaysia, and the Philippines.

What may turn out to be an even more potent disturbance to U.S. trade is a series of tariff preference schemes recently initiated by the EC for certain Mediterranean citrus suppliers. Effective September 1 of this year, Spain, Israel, and Turkey were granted a 40-percent reduction in the EC external tariff for oranges, tangerines, and lemons on a year-round basis. On the same date, an 80-percent year-round reduction was extended to Morocco and Tunisia, for the same three items. Another Mediterranean citrus supplier, Algeria, has enjoyed certain preferences for some time—duty-free entry into France and a 50-percent reduction in the common external tariff in Belgium, Luxembourg, the Netherlands, and Italy.

The importance of these seven Mediterranean countries (including Greece) in the world citrus scene is illustrated by the fact that in very recent years they have accounted for about two-thirds of world trade in fresh oranges and tangerines.

The California-Arizona citrus industry has over time developed a reasonably good market for its fresh lemons in the Community ($8-10 million in recent seasons), despite ample supplies of Italian lemons. We have continued to hold our volume status in the more sophisticated markets of the Community, where quality and appearance are evidently more important considerations than price; but there have been signs of increasing competition from the Mediterranean area. Prominent among the newer competitors are Spain and Israel, where lemon production is already in the expansionary stages. With further improvements in their market offerings, plus a sizable tariff preference, U.S. marketings could be adversely affected.

For U.S. fresh oranges, the question of the EC market disturbance is not immediately so acute. Historically, our participation has been confined to the summer, when supplies from the nearby countries of the Mediterranean are minimal or nonexistent. Nevertheless, it is conceivable that the recent granting of year-round preferences could prompt some expansion in plantings of late-maturing oranges. This, coupled with the possibility of a break-through in the storage of fresh oranges, could in time materially alter the marketing situation for U.S. summer oranges.

The EC, in extending tariff preferences to Israel and Spain, requested a waiver for such action under the General Agreement on Tariffs and Trade (GATT). The Government of the United States has since contested the waiver in the GATT forum, primarily on the grounds that it would nullify the basic tenet of GATT—Most Favored Nation treatment, under which any tariff concession or trade advantage granted by one member country is applicable to all member countries. Granting such a waiver could lead to the extension of EC preferences not only to other countries but also to other commodities. Cyprus, Lebanon, and the United Arab Republic have already made overtures to the EC seeking treatment like that now accorded to Israel and Spain.

Citrus operations in the Mediterranean area have for many years been oriented to the marketing of fresh fruit in export. However, in view of the sharp crop increases over the past decade, with further gains still ahead, processing is likely to command a much greater role as Mediterranean production of fresh fruit exceeds the requirements of the nearby West European markets. Under such circumstances, processed citrus juices could very well become prominent candidates for preferential treatment in the markets of the Community.

Looking ahead

A major battle for horticultural markets during the seventies appears to be in the making. The generative forces of new competition that have characterized the sixties may well turn out to be but a beginning. With the rapid transfer of know-how, staying one step ahead of competition through technology and product innovation is increasingly difficult for us. And many of our competitors, whether new or old, are today showing the utmost respect for the three basics of marketing—shipping high quality, pricing competitively, and promoting aggressively.

Thus, the stage for the 1970's is set; and, with much closer similarities in market offerings than at any time in the past, the struggle for markets is likely to be a bitter one.

In the last 3 years Thailand has increased its production and exports of canned pineapple products substantially and shows promise of becoming a prominent world supplier in the near future.

Thailand Making Gains as a Canned Pineapple Exporter

Pineapples have been grown in Thailand for decades. However, only in the last 3 years has processing of this fruit become commercially significant. Prior to 1966, production of canned pineapple was very small and was consumed entirely by the domestic market. Establishment of a large, export-oriented processing firm led to an abrupt change in the industry. Output of canned fruit expanded rapidly and found ready markets overseas, especially in the United States and West Germany. In 1968 Thailand's exports of canned pineapple approached 400,000 cases (equivalent 24/2½ cans), and exports may double in volume this year.

The leading pineapple varieties cultivated in Thailand are the Smooth Cayenne, Sarawak, Pattavia, Calcutta, Sri Racha, Intorachit, Singapore, and Chantabun. The Smooth Cayenne, introduced from Hawaii more than 20 years ago, is the principal processing variety.

The bulk of the pineapples are grown in Prachuap Khiri Khan Province in the south-central part of the country and in Chon Biri and Rayong Provinces that lie to the east of the Gulf of Thailand. Lampang Province in northern Thailand, noted for its small, sweet pineapples, may become another important producing district.

Production highs and lows

Acreage and production have fluctuated greatly. In the 1960-67 period the size of the producing area ranged from 60,000 to 102,000 acres, and production varied between 188,000 and 450,000 metric tons. The low of 188,000 tons, produced in 1967, resulted primarily from a severe drought. In normal years, however, the variations in output resulted primarily from grower response to price. Low grower returns in one year historically have been followed by reduced production the following season. The opposite has occurred when prices were considered good. The recent emergence of the processing outlet, coupled with a strong demand from canners for fresh fruit, has firmed up grower prices in recent years. Consequently, production of fresh pineapple in 1968 is believed to have exceeded the 1967 output and probably continued to expand in 1969.

Processing first emerged as a potentially significant outlet for Thailand's fresh pineapple production with the commencement of canning operations in June 1966 of a large pineapple cannery about 135 miles south of Bangkok. Up to that time, as many as 160 firms canned fruits and vegetables, but very little pineapple.

This pineapple cannery is equipped with modern processing machinery from the United States and Taiwan. The machinery is valued at approximately $800,000. It employs two technicians from Taiwan. This year the cannery is expected to produce about 800,000 cases of canned pineapple, more than double the volume produced in 1968. At full capacity, it can produce over 3 million cases

Supplies of pineapple for processing are acquired from farmers in adjacent areas at prices varying from 1.5 to 2.5 cents per kilogram. The cannery reportedly has been processing between 150 and 250 tons per day and operates for 9 months a year. A variety of canned pineapple products is produced, including crushed pineapple, chunks, tidbits, and whole slices. Most of these products are exported, under a number of brand names to Western Europe and the United States. Imports into the United States are handled through firms in New York, San Francisco, and Los Angeles.

Exports rise sharply

Thailand's customs statistics do not separate canned pineapple from other canned fruit exports. However, the increase in total exports of canned fruit from less than 200 cases in 1966 to nearly 380,000 cases in 1968 is believed to be attributed almost entirely to canned pineapple.

Over two-thirds of the canned fruit exported in 1968 went to the United States, with most of the remaining shipments directed to West Germany. U.S. imports of canned pineapple from Thailand jumped from 25,000 cases in 1967 to 177,000 cases in 1968. During the first 8 months of 1969, U.S. purchases had already exceeded the total volume imported in 1968. This made Thailand the fifth leading source of U.S. imports of canned pineapple.

West Germany also has increased its purchases from Thailand at a rapid rate. Imports totaled 73,000 cases in 1968 and in January-May 1969 were nearly double the volume imported during the same period a year earlier.

The competitiveness of Thailand's product in export markets is illustrated by the average unit f.a.s. values of U.S. imports. In 1968 imports of Thailand's canned pineapple were valued at $4.34 per case of 24/2½ cans, compared with $4.74 and $4.57 for purchases from the Philippines and Taiwan, respectively, the two leading sources of U.S. imports.

New investments planned

The success enjoyed by Thailand's canned pineapple in the United States and West Germany has encouraged the establishment of additional canning enterprises. A cannery with an investment of over $700,000 is under construction in Prachuap Khiri Khan Province, and plans reportedly are being developed for another cannery in that Province and one in Lampang. Also, a cannery owned and operated by the Ministry of Defense produces both canned pineapple and pineapple juice.

Since domestic consumption of canned pineapple in Thailand is confined mostly to luxury hotels and restaurants and approximates only 27,000 cases annually, most of the expected increase in Thailand's production will be exported. Thus, Thailand shows promise of soon becoming a prominent world exporter alongside its Far East neighbors Taiwan, Malaysia, and the Philippines. It has already tackled and successfully penetrated the competitive U.S. and West German markets and hopes to further develop these and other markets in Europe and Japan. —Based on a report by

KHUN SOMMAI PANYATHORN, *Agricultural Specialist, Office of U.S. Agricultural Attaché, Bangkok*

The following article is second in a series **Foreign Agriculture** *will be running in coming weeks on major items in the farm trade of Middle East and African nations important to American agriculture.*

Highlights of the Agricultural Trade of Israel

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During the last 20 years, the United States has been the major supplier of Israel's imports. U.S. exports to Israel have continued to increase in value although the American share of the Israeli market is declining. Ten years ago the U.S. share of total Israeli imports amounted to 29 percent; last year it was 22.6 percent.

Total U.S. exports to Israel in 1968 amounted to about $250 million. Of this, agricultural products accounted for about $100 million, primarily wheat, rice, corn, other cereals, soybeans, and vegetables oils. A substantial share of U.S. agricultural exports to Israel—approximately one-third of the value of last year's shipments—are under Public Law 480 agreements. With the advent of P.L. 480 in 1955, the U.S. share took a big jump.

The United States has been and continues to be Israel's primary supplier of cereals. Last year, the United States supplied 95 percent each of that country's imported wheat and corn, approximately 65 percent of its rice, about 43 percent of its barley, and almost all of its other unmilled cereals. The other important commodity group of which the United States has been the main supplier is edible fats and oils and oilseeds. The United States has supplied approximately 60 percent of Israel's imports of edible fats and oils since 1950, including all of its imported soybean oil and almost all of its soybeans; soybeans continue to be one of the major items on the import list.

For the next few years it appears likely that the United States will maintain the major share of the Israeli import market. Wheat and freedgrains should continue to be the primary U.S. agricultural exports to Israel. However, it is probable that the American share of total Israeli imports will decline slightly as Israel seeks closer ties with the European Community and the United Kingdom.

Israeli exports to the United States have consisted primarily of industrial products. Of Israel's total exports valued at $640 million last year, the United States took $120 million or approximately 22.2 percent. Of this, only about 1 to 2 percent was agricultural products, the rest being diamonds, yarn and thread, cotton fabric, clothing, antiques, and collectors' items.

Israel continues to increase the value of its agricultural exports. Its fruits and vegetables—both fresh and preserved—

SELECTED IMPORTS OF ISRAEL

Commodity and country of origin	Average 1959-61	Average 1966	Average 1967	Average 1968
	1,000 dol.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Meat and meat preparations	2,444	28,060	14,862	18,168
Argentina	—	14,981	9,118	11,176
Uruguay	—	1,069	697	2,278
United States	[1] 303	4,833	1,254	1,183
Cereal and cereal preparations:				
Wheat	22,317	21,047	8,366	22,815
United States	[1] 17,726	21,046	7,883	22,785
Rice	1,713	3,011	3,725	5,587
United States	[2] 1,014	2,608	2,438	3,516
Argentina	—	93	314	747
Barley	3,057	8,539	6,865	6,327
Canada	—	3,566	563	2,813
France	—	—	1,958	2,656
United States	2,780	4,440	3,058	169
Corn	7,490	12,070	10,363	7,438
United States	[1] 6,845	12,069	9,870	7,269
Other cereals, unmilled	11,453	17,999	22,694	21,979
United States	[2] 11,950	17,865	22,598	21,826
Sugar and preparations	5,534	5,647	5,952	6,158
Oilseeds, nuts and kernels	16,734	33,698	32,622	30,327
Soybeans	13,869	30,856	30,433	27,796
United States	[1] 11,863	30,856	30,433	27,796
Cotton	3,739	6,101	4,679	5,022
United Kingdom	—	982	1,444	1,505
United States	[1] 2,524	2,781	1,252	1,392
Animal and vegetable oils and fats	4,378	6,851	7,867	7,784
Soybean oil	[2] 2,819	3,829	4,694	4,388
United States	—	3,829	4,694	4,388
Other agricultural imports	21,213	37,485	38,609	45,412
Total agricultural imports	100,072	180,508	156,604	177,017
Total imports	508,382	832,588	768,486	1,081,000

[1] Based on 1960. [2] Based on 1960 and 1961.
Compiled from Israeli foreign trade statistics.

SELECTED EXPORTS FROM ISRAEL

Commodity and country of destination	Average 1959-61	Average 1966	Average 1967	Average 1968
	1,000 dol.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
Fruits and vegetables	51,655	90,618	118,087	126,663
Fruits and nuts	—	86,937	89,521	116,626
Oranges	38,499	44,303	66,310	65,713
West Germany	—	11,227	15,318	16,798
United Kingdom	—	16,740	18,217	16,296
Sweden	—	4,495	4,480	4,010
Grapefruit	6,648	13,847	15,135	17,583
West Germany	—	3,755	4,166	5,022
France	—	2,822	3,317	4,087
Fruits, preserved and prepared	1,279	19,745	25,243	27,127
United Kingdom	—	9,629	12,705	13,544
West Germany	—	—	3,126	3,233
Natural fibers	[1] 1,166	5,249	10,561	8,470
Cotton	607	4,747	6,514	5,248
United Kingdom	—	572	1,883	1,929
Canada	—	—	905	1,207
Hungary	—	64	1,171	611
Animal and vegetable oils and fats	3,624	5,439	2,025	3,117
Soybean oil	3,297	1,129	1,403	2,058
Netherlands	—	284	928	1,419
Eggs in shell	9,188	2,004	3,557	1,218
Other agricultural exports	8,151	14,430	15,291	20,207
Total agricultural exports	73,784	117,740	149,521	159,675
Total exports	214,889	503,282	554,931	640,235

[1] Based on 1960 and 1961.
Compiled from Israeli foreign trade statistics.

are increasingly entering the European market, where items such as celery, strawberries, and avocados are meeting with a good demand.

The Israeli economy made a remarkable recovery in 1968 as gross national product increased 14 percent from the previous year. This followed reduced economic activity in 1966 and 1967 when gross national product increased by only 1 and 3 percent, respectively. For approximately the first decade and a half of Israel's existence—until 1965—the economy grew at a steady rate of 10 percent annually. The vigorous comeback in 1968 resulted primarily from relatively stable prices, increased productivity, and full employment. Israel's population of slightly over 2.8 million people is growing at an annual average rate of 2.3 percent and has a per capita income of over $1,600 at 1967 prices.

While Israel suffers from a substantial trade deficit, something that has characterized the country from its inception over 20 years ago, export revenues are covering more of the cost of imports. In 1949 exports covered only 11 percent of total imports; by 1960 this percentage had risen to 43, and in 1967 it was 72. In 1968, with a particularly large deficit, the percentage went down to 60. Heavy defense spending, as well as a substantial increase in industrial development, contributed to the country's large trade deficit.

Malaysia Remains Very Small Market for U.S. Grains

Our ever-shrinking world has not yet become small enough to allow for increased grain trade between the United States and Malaysia. With the vast Pacific the principal deterrent to this trade, Malaysia continues to take its imported grain from closer traditional suppliers while it proceeds with efforts to produce more itself.

Malaysia's major imported grain is wheat, with imports last year totaling about 355,000 long tons. This was an increase of some 30 percent over the 1967 level. Because of its tropical climate, this country does not grow wheat. Its imports have been increasing in recent years following establishment of a commercial wheat-milling industry to eliminate the need for flour imports. At the present time there are three commercial wheat-flour mills in operation in West Malaysia, capable of supplying total annual flour requirements of approximately 250,000 long tons. Per capita consumption of wheat in Malaysia will most likely continue to increase as a result of population growth and rising per capita income.

Australia is Malaysia's principal supplier of wheat because of proximity and a long-established trade relationship. In addition, most Malaysian industries that consume wheat flour seem to have a preference for flour milled from Australian wheat—a preference based on both costs and blending formulas. Top-grade wheat from the United States and Canada accounts for only about 10 percent of the wheat that Malaysia imports.

Rice output increasing

Production of rice in West Malaysia last year reached 754,000 long tons, compared with 673,000 in 1967. Rice is Malaysia's staple food, and demand for it will remain virtually the same. A conservative estimate of per capita consumption in West Malaysia is 270 pounds. With a population of 9 million increasing at a rate of about 3.5 percent annually, the area's 1969 requirements would total about a million long tons.

Substantial improvements in rice cultivation have been made in West Malaysia through double cropping, better terms of land tenure for landless farmers, more favorable credit terms, and more effective distribution and marketing through government-sponsored agencies. Completion of two major irrigation projects should allow double cropping to expand considerably.

West Malaysia imported approximately 240,000 long tons of rice in 1968, compared with about 296,000 in 1967, a decline of about 19 percent. The principal source of Malaysia's imported rice continues to be Thailand, with Mainland China a poor second. Imports of rice from the United States declined from 12,600 tons in 1967 to 6,400 in 1968.

Other grains

Corn was grown on a very small scale in Malaysia until very recently, and what was grown was primarily for human consumption. However, with expansion of livestock production, especially that of poultry and hogs, production of corn for feed is receiving increasing emphasis in West Malaysia with a view toward conserving the foreign exchange expended on imported corn.

Total imports of corn for both human and animal consumption last year were some 174,000 long tons, compared with about 116,000 in 1967, an increase of about 50 percent. Thailand is the principal supplier and will most likely continue as such because of price and the relatively short delivery period of 5 days.

Malaysia has grown some grain sorghum experimentally with good results. Reportedly, this crop is easy to grow, and farmers are being encouraged to plant it as an off-season crop in rice lands for additional income. The country grows neither oats nor rye, but imports some of each. The imported sorghum comes mainly from Thailand, oats for human consumption come from Australia, and oats for animal feed are imported from Mainland China.

Pulses, seeds

Malaysia grows no pulses, but imports small quantities from nearby traditional sources. The principal pulse import is dried beans. Last year, 15,099 tons were imported into West Malaysia, primarily from Thailand. Malaysia also imports small quantities of peas, lentils, chickpeas, and other pulses.

Malaysia does not produce vegetable and grass seeds on a commercial scale. Vegetable farmers normally conserve sufficient seed for their own use. Increasing quantities are imported. Imports of all categories of seeds—grass, vegetable, other, and bulbs and tubers—increased last year as compared with the year before. They come mainly from Asia and Africa, with the exception of bulbs, which come from the Netherlands.

—Based on dispatch from DALE K. VINING
U.S. Agricultural Attaché, Kuala Lumpur

Statistics given herein are for West Malaysia only, as statistics for East Malaysia are difficult to obtain.

Highlights of

The Australian Meat and Livestock Situation

During the past year the Australian livestock population showed significant gains in all classes. Cattle increased by 8.1 percent to a record 20.8 million head, composed of about 4.3 million dairy cattle and 16.5 million beef cattle. Although the cattle population increased in all States, Victoria, South Australia, and Western Australia showed the greatest gains with over 10 percent each.

The rapid expansion in beef cattle herds in the southern and more favored areas of Australia is a major factor in the growth in the beef industry. It is here that herds are expanding most rapidly. Also, with the curtailment of wheat acreage, at least part of the land put back into pasture will be used for beef grazing. Accordingly, market sales in the southern areas should show a rapid increase in the next few years. At the same time, market sales in northern Australia should also continue their upward trend, following the heavy investments made in the industry there in recent years. From 1970 on, an upswing in slaughter is to be expected, with beef and veal output approaching its 1964-65 level of over 1 million tons carcass weight.

Sheep, lambs, and hogs

Sheep and lamb slaughter during 1968-69 totaled 36.5 million head, about 4 percent or 1.5 million head lower than in 1967-68. However, favorable pastoral conditions lead to heavier slaughter weights, so meat production was about 1 percent greater—661,000 long tons carcass weight.

As a result of the favorable weather conditions in the fat lamb areas this season, a record marketing of fat lambs is expected. The heavy supplies should be marketed beginning in November, with a large volume available for export. Although a large proportion of the exports is to be shipped to the United Kingdom, there will also be heavy pressure to sell on the Canadian and U.S. markets.

Hog slaughter during the fiscal year 1968-69 was a record 3.3 million head, 300,000 more than in 1967-68. Pork production rose to 159,000 long tons carcass weight, an increase of 8 percent over 1967-68.

The steady rise in pork production over the past 5 years is indicative of the trend from sideline-dairy-farm production toward the specialist pork producer. Because of the wheat and feedgrain surplus in Australia, this trend should continue over the next few years, leading to a significant exportable surplus of pork in the near future.

Domestic use, foreign trade

Domestic consumption of red meat increased some in the past year, but it is still well below earlier levels. Total per capita consumption of beef and veal rose slightly—0.9 pound—but per capita consumption of lamb and pork rose by 5.8 and 1.4 pounds respectively.

Industry spokesmen are becoming increasingly aware of the need to maximize sales on the domestic market. Recently, they have been vocal on the need to promote beef within Australia. And, some industry groups believe that the new Chairman of the Australian Meat Board, Colonel Malcolm McArthur, will look closely at a domestic "Eat More Beef" campaign when he takes office early in 1970.

AUSTRALIAN PER CAPITA MEAT CONSUMPTION

Carcass meat	1967-68 [1]	1968-69 [1]
	Pounds [2]	*Pounds* [2]
Beef and veal	89.8	90.7
Mutton	41.7	39.8
Lamb	4[illegible].2	49.0
Pork	14.7	16.1
Total carcass meat	189.3	195.7
Offal	11.4	11.2

[1] Fiscal year. [2] Carcass weight equivalent. Source: Commonwealth Bureau of Census and Statistics.

Exports of beef and veal during the fiscal year 1968-69 totaled 262,150 long tons, product weight, or nearly 10,000 tons more than in 1967-68. The United States was the major market; it imported 210,219 long tons, which was over 80 percent of total shipments and 12,000 tons more than in 1967-68. Japan was the second most important market, overtaking the United Kingdom for the first time. In addition to these two countries, increased quantities were also shipped to Canada and Sweden.

Exports of mutton and lamb were about the same as in 1967-68, but there was a shift away from mutton to lamb. Mutton exports amounted to 78,923 tons, 26,000 tons less than in 1967-68. Lamb exports, however, increased 21,000 tons to 29,810. Japan was the major market for mutton, importing 23,533 tons. The United States was the second most important market, taking 22,313. Other important mutton markets were Canada and the Middle East. Lamb exports went to the United Kingdom, the United States, and Canada.

Outlook

In the 1970 marketing year there should be substantial increases in beef and veal and lamb and mutton production. In most areas the season has been highly satisfactory, and marketing is expected to be at a record level. The large increase in the breeding herd is beginning to make itself felt this season; the 1969 lamb drop has in many areas been the best ever—about 10 percent above last year.

Consequently, a record volume of meat will be available for export in 1970. Total shipments in terms of product weight will probably exceed 400,000 tons. Major emphasis for export will be placed on the U.S. market, but because of the larger exportable surplus it will be necessary to export increased quantities to the United Kingdom and Japan.

New administrative arrangements on exports provide for review of the export performance of each exporter on a monthly basis. Any exporter who has shipped to the United States in excess of his entitlement will be prohibited from making further shipments until the position has been corrected. The ratios of exports permitted to be shipped to the United States relative to other markets will also be reviewed on a monthly basis. At least 1 month's notice will be given to exporters of any reduction in the ratios, while any liberalization possible after November 1, 1969, is retroactive to that date. And, from June 1, 1970, exporters will be required to have approval from the Meat Board for individual shipments to the United States. —Based on dispatch from *Office of U.S. Agricultural Attaché, Canberra*

Consumer prices up

Continued Livestock and Meat Imports Seen for France

France's imports of meat and live animals of all kinds continue at a high rate; at the same time, exports of beef, calves, and cattle are also increasing. Per capita consumption of meat in 1968 was 6 percent above the 1961 level, but 6 percent below the 1967 level. Prices at all levels during 1969 were higher than in 1968; in particular, the index of prices for all animals at farm level rose 9 percent from July 1968 to July 1969. While the government is trying several ways to increase meat production, the outlook is for a continued need for imports to meet the red meat deficit of 300,000 to 400,000 metric tons.

Total production of red meat during the first 7 months of 1969 is down about 5.5 percent from the same period in 1968. Production of horse meat is the only one ahead of 1968. Production of pork and veal is down about 8 and 5 percent, respectively, from 1968.

INDIGENOUS RED MEAT PRODUCTION IN FRANCE

Type	1968	1969 [1]
	1,000 metric tons	*1,000 metric tons*
Beef	1,246	1,200
Veal	402	380
Pork	1,220	1,150
Mutton	116	115
Horsemeat	74	70
Total	3,058	2,915

[1] Estimated.

Both farm prices and wholesale prices of red meat in France are higher than in 1968. The farm price index of live animals was 189 in June 1967, 196 in 1968, and 224 in July 1969. Increases in the calf index were the largest—from 210 in June 1968 to 256 in June 1969.

The Paris wholesale price for first-quality live cattle during July 1969 averaged $0.43 per pound compared with $0.35 in July 1968. Prices for other animals were also up considerably; first-quality sheep were $0.95 per pound, up $0.09 from a year earlier. Average retail prices for June showed similar increase; beef steak sold for $1.69 per pound compared with $1.56 in 1968; lamb chops sold for $1.67 per pound compared with $1.58; pork shoulder steak sold for $0.79 per pound compared with $0.74; and chicken was $0.59 per pound compared with $0.58.

Foreign trade

The higher prices and increased demand—in the face of reduced French production and rising rate of consumption—are behind France's larger importation of meat and live animals. The rise in number of tourists visiting France in 1969 also contributed to the higher consumption of red meats.

Imports of live hogs, calves, and sheep doubled during the first 7 months of 1969, compared with the same months in 1968. This rate is expected to continue during the rest of 1969 and for several years, especially for live hogs, pork, and mutton. Except for beef—including cattle and calves—exports of meat have been lower than in 1968.

Because of the outflow of foreign exchange the increased importation of meat and live animals causes, the government is trying several ways to increase meat production in France. Also, the French Minister of Agriculture, Mr. Duhamel has stated that calves should no longer be exported for veal but raised and consumed in France.

Pork production studies

A study commission was established in France to determine how to increase pork production. The commission recommended three principal areas where government assistance is needed: (1) To provide credit and technical advice for construction of housing and handling facilities; (2) to increase research and facilities in order to make available more and better breeding stock including hybrids; and (3) to increase the diffusion of technical information on swine husbandry and marketing.

In addition, the French Ministry of Agriculture has released a study on swine herds in France from April 1966 to the end of 1968. The study reveals the following: (1) One out of six hog raisers went out of business in that time (reportedly, 75 percent of these, during the April-June crisis of 1968); (2) herds of the size one to four sows decreased 21.2 percent, now representing only 33 percent of total sows held, while herds of 10 or more increased 21.4 percent; (3) the rate of farmers leaving hog raising is 6 percent per year, whereas the rate of farmers leaving farming is only 2.9 percent; and (4) based on 3 rates of increase in production—4 percent, 7 percent, and 10 percent—France will be 75 percent, 88 percent, and 101 percent, respectively, self-sufficient in 1975.

Toward self-sufficiency

In the future, France will be looking for breeding stock, especially swine and sheep, to improve local animals. Toward this end, Duquesne-Purina of France recently signed a contract with Cotswold Pig Development Company of England to purchase 2,000 hybrid hogs over a 10-year period at $840,000. The hybrids are from a 12-year breeding program involving Large White, Wessex Saddleback, Welsh, and Landrace breeds.

For the next several years, France will continue to be an important importer of red meat, especially pork. And, although it will export beef—mostly calves and forequarters—it will still be a net importer of beef.

—Based on dispatch from *Office of U.S. Agricultural Attaché, Paris*

Recent FAS publication.—*Denmark's Livestock and Meat Industry* is the latest in a series of Foreign Agricultural Service publications designed to help keep the U.S. livestock industry informed of developments in other meat producing and exporting countries. Livestock raising is Denmark's most important agricultural enterprise. In recent years, two-thirds of the country's agricultural production has been exported, and most of these exports have been livestock and meat products. The United Kingdom and the European Community have been Denmark's most important export markets. For copies of this publication request FAS M—212 from Information Service Branch, FAS, USDA, Washington, D.C. 20250.

Dutch Increase Imports of Oilseeds, Oils, and Fats

Netherlands imports of oilbearing materials were up 26 percent in the first half of this year as compared with the same period in 1968. All major oilseeds shared in this increase, but the greatest gainer was soybeans—up almost 38.5 percent. Main reasons for this development were a strong increase in foreign demand for vegetable oils, a Dutch re-export; a moderate increase in consumption of fats and oils, particularly for animal feed use; the relatively low price of vegetable fats and oils as compared with animal fats and marine oils; and the developing scarcity of sunflowerseed oil.

Total oilseed imports in the first 6 months of this year amounted to 624,966 metric tons, compared with 497,203 tons in the same half of 1968. Imports from the United States increased from 307,768 tons valued at $34.2 million to 422,-362 tons valued at $43.5 million in the same 6 months. This was a rise of about 37 percent in volume and around 30 percent in value. The U.S. share of total imports amounted to 67.5 percent in 1969, against 62 percent the year before, mainly as a result of larger Dutch takings of U.S. soybeans and flaxseed.

Imports of oils and fats during January-June of this year amounted to 332,401 metric tons, compared with 310,079 tons last year. The U.S. share of these imports traditionally is rather small—13 percent in January-June 1968 and 14 percent in 1969. U.S. exports to the Netherlands in this category consist primarily of tallow and greases. Imports of these U.S. products dropped from 40,125 tons in the first half of 1968 to 26,060 in 1969, mainly as a result of high prices for U.S. tallow this year. However, this decline was more than offset by large Dutch imports of U.S. fish and cottonseed oils.

Dutch exports of fats and oils during the first half of this year totaled 259,165 metric tons, compared with 197,204 tons in the same period of 1968. By far the largest increase in exports occurred in crude and refined vegetable oils, which were almost double the first-half 1968 level. Exports of all categories of these oils were up, especially those of soybean, sunflowerseed, and palm oils.

The increased vegetable oil exports went primarily to other European Community countries. These shipments increased from 32,644 tons to 96,071 tons, up almost 200 percent. Reasons for this rise include relatively low vegetable oil prices as opposed to those of animal fats and reduced availability of vegetable oils in the other countries, partly as a result of reduced crushing capacity in West Germany.

Exports of animal fats remained at last year's level, while those of other fats and oils dropped a little. Exports of oilbearing material are negligible.

Looking at the second half of this year, it can be expected that Dutch soybean crushings will show a substantial increase over those in the same period of 1968 and that the total for the entire year will be a new record. Projections are that total crushings will end up somewhere between 700,000 and 750,000 metric tons, 40-45 percent above the 1968 level. Needless to say, the United States will gain substantially from this development. The lauric oils—coconut, palm, and palm kernel—are expected to continue to take advantage of high prices for animal fats and marine oils. Imports of flaxseed will probably fall off slightly as several small crushers ended flaxseed operations this year and others will do the same by early 1970—a result of a very small crushing margin owing to low prices of Argentine linseed oil; as a result, the Dutch may import more linseed oil.

—Based on dispatch from BRICE K. MEEKER
U.S. Agricultural Attaché, The Hague

India Expects Larger Harvests of All Major Oilseeds

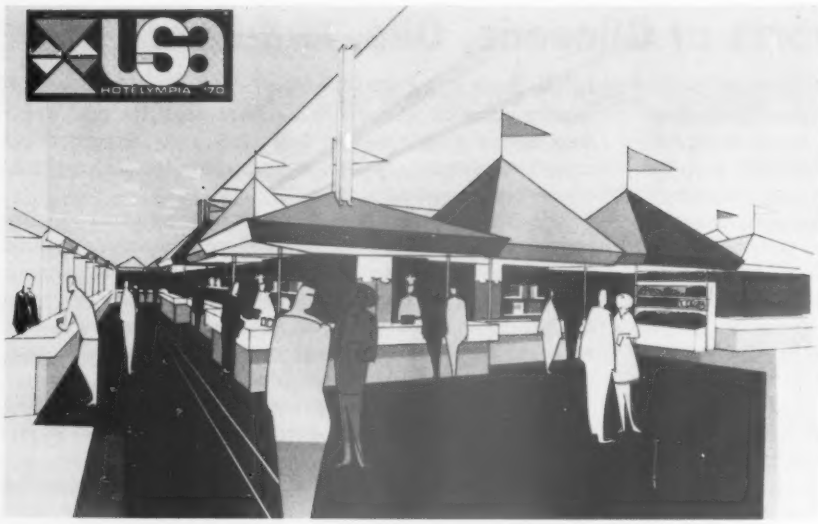
Production of all major oilseeds and oil-bearing crops in India during 1969-70 is currently estimated at 11.3 million metric tons, compared with 9.9 million and 11.5 million in the preceding 2 years, respectively. However, failure of the last monsoon rains in Gujurat and Andhra Pradesh may reduce production by about 200,000 metric tons or more.

Peanut production is now projected at about 5.5 million tons, a downward revision from the earlier estimate of 6 million. This compares with a 1968-69 crop of 4.5 million tons. Sesame is reported to have done well this year, and the crop is placed at 440,000 tons against 415,000 last year. With a larger cotton crop this season, cottonseed production is estimated at 2.3 million tons, against 2.1 million in 1968-69. Owing to a shortage of edible oils and an expanding demand for cake and meal, crushing of cottonseed has been increasing. At least 40 percent of the seed produced is expected to be crushed for oil.

Output of rape and mustardseed is expected to be up slightly to 1.45 million tons from 1.4 million; flaxseed, to 400,000 from 350,000; castor, to 125,000 from 111,000; and coconut, to 810,000 from 792,000. Safflower production, according to trade estimates, will be around 300,000 tons, against 250,000 last year. Owing to its comparatively low price as a food and its high food value, safflower oil is being used increasingly in place of other conventional oils. Safflower has therefore become a profitable commercial crop and is being grown increasingly.

Exports of oilseeds and oilseed products during the first half of this year, with the exception of peanuts, declined from those of the same period in 1968. In the first half of this year, India exported 36,105 tons of oilseeds, of which 35,081 were shelled peanuts. This compares with a total of 16,227 tons of oilseeds in January-June 1968. Exports of oilcake and meal were down to 390,315 tons from 502,605, and those of oils were down to 14,456 tons from 27,723.

Imports of oilseeds and products increased in the first half of 1969 as compared with the same period of 1968. This resulted primarily from an increase in imports of oils, which rose from 17,012 tons in 1968 to 42,553 in 1969. Of the first-half 1969 total, 42,223 tons were accounted for by P.L. 480 soybean oil from the United States. In January-June 1968, takings of P.L. 480 soybean oil totaled only 15,256 tons. Imports of soybean oil for all of 1969 are expected to amount to about 127,000 tons. Copra and palm oil imports fell considerably during the first half of this year as compared with the same period last year. Takings of oilcake and meal rose to 5,909 tons from 2,821, while those of oilseeds fell from 3,132 to 2,148.



An artist's view of the USDA exhibit which will be set up for Hotelympia.

Preview of
London's Hotelympia '70

A preview of the USDA exhibit scheduled for the International Hotel and Catering Exhibition (Hotelympia) January 6-15 was recently held at the U.S. Trade Center in London. Combined with the preview was a 2-day symposium on October 22 and 23 which featured topics of special interest to the British catering and institutional trade.

Participating in the symposium were Dr. Jackson E. Simpson of USDA's Agricultural Research Service and W. J. McCreary, Assistant-Manager Dining Services of Trans World Airlines. Dr. Simpson, whose work involves a program of developing new processes with the U.S. food industry, spoke on "Food Processes That Will Condition Future Supplies for the Catering Industry" and Mr. McCreary discussed "Catering in the Jumbo Jet Age."

Visitors to the symposium also saw a model of the exhibit the USDA will sponsor at Hotelympia surrounded by banners, posters, press releases, and other point-of-sale materials from exhibitors who will support the January event.

The USDA has participated in the biennial Hotelympia since 1964 and as interest in the exhibition has grown so has the U.S. participation. In 1970 the USDA exhibit will be supported by 10 cooperators who have programs in the United Kingdom and 20 representatives of American food firms selling to the British caterer.

One area of the exhibit will feature catering packs of foods from U.S. companies anxious to establish representation and make contact with prospective clients.

Menu planning for the vast variety of fresh, frozen, canned, and dried items on display will be demonstrated in a central theater under the supervision of Dr. J. Wanderstock of the School of Hotel Administration at Cornell University.

Over 100,000 visitors are expected to attend Hotelympia in January and 85 percent of these are in some level of the catering trade—hoteliers, canteen managers, restaurateurs, home economists, and others who determine the source of volume food buying in Great Britain and other European countries. The preview program was designed to alert as many of these as possible to the USDA participation at Hotelympia and to serve as a starting point for organizing an effective exhibit.

—WILLIAM L. SCHOLZ
Assistant U.S. Agricultural Attaché, London

Thailand Urged To Increase Feedgrain Use

Acceleration of grain use for conversion to high-protein food items such as meat, poultry, eggs, and dairy products is underway in Thailand as the U.S. Feed Grains Council begins its drive to increase protein consumption.

The Far East Director of the U.S. Feed Grains Council, G. Robert Peterson, feels that the development of quality livestock and poultry products can be rapidly achieved through the formation of a feedgrain industry. At the present time Thailand is producing all the ingredients needed for a feed base, and plans for an organized program to set up a feed industry are to be initiated.

In order to spur interest in improving nutrition, the Council occasionally sponsors visits of U.S. experts whose presence attracts Thai farmers and representatives of the trade, the agricultural university, and the government. Such a visit was recently made by Dr. Vaughn G. Speer, Professor of Swine Nutrition, Iowa State University, who delivered a lecture on nutrition, management, and disease control of swine, at Thailand's Kasetsart University.— WILLIAM VON SEGGERN, JR.
U.S. Agricultural Attaché, Bangkok

Dr. Speer, second from left, at a press conference held before his lecture at Kasetsart University on nutrition, management, and disease control of swine.

Favorable Weather Expected To Boost Spain's Citrus Crop

If favorable growing conditions continue, Spain's citrus crop for 1969-70 is expected to total 2,221,700 metric tons —nearly 21 percent above last year's crop and the second largest in the past 10 years. Acreage expansion is continuing, especially for tangerines, grapefruit, and Navel, Valencia, and Verna oranges.

Fresh fruit exports in 1968-69 at 1,103,078 metric tons were 5 percent over the previous year's level. Exports in the current season are forecast at 1.3 million tons even though competition is expected to stiffen in EC markets. Spanish, Israeli, and Turkish oranges, tangerines and lemons were granted a 40 percent EC tariff reduction September 1, 1969. However, this reduction is only half that granted to Morocco and Tunisia. In addition, the high cost of domestic fruit and inputs poses a serious problem to Spanish citrus exporters.

Processed citrus

Trade sources indicate that utilization of the 1968-69 Spanish citrus crop for processing was approximately 220,000 metric tons, about the same amount used the previous year. Total citrus juice output was approximately 34,000 metric tons in the 1968-69 season, 8 percent above the year-earlier amount. Production of canned fruit sections is estimated at about 2,350 tons.

The high cost of fresh fruit processing, except in years of heavy frost damage, is a major deterrent to a full utilization of the processing industry. At the present time some 60 Spanish companies are engaged in citrus fruit processing, with 75 percent of them located in the Valencia area. Their combined processing capacity ranges from 350,000 to 450,000 metric tons annually, although they normally operate at about 50 percent of their capacity. The trend is toward a greater degree of concentration with the establishment of plants capable of handling 10,000 to 20,000 metric tons of fresh fruit annually.

Although official data for the 1968-69 season are not yet available, it is believed that Spanish exports of single-strength juices were about 10 percent larger than in the preceding season. Exports of concentrates and canned sections probably rose by about 5 percent. Exports were restrained in part by the higher cost of inputs and mounting foreign competition. The United Kingdom was Spain's principal outlet for these processed products, taking approximately 45-50 percent of total exports.

Cultural improvements

In general, citrus cultural practices continue to show great improvement. Particularly noticeable is the increased use of fertilizers, pesticides, insecticides, and sprinkler irrigation. However, excessive zeal in Mediterranean fruit fly control has reportedly caused certain biological changes in trees and yields have declined in certain sections of the country. Little progress has been made in frost control measures.

Last November government approval was given for the first stage of a four-stage project to build an aqueduct linking the reservoirs at Bolarque (Cuenca) and Talave (Albacete). The project includes the construction of a station at Bolarque, to pump irrigation water from the Tagus to the Segura river. The newly irrigated land is expected to increase citrus acreage by about 30,000 hectares.

—Based on dispatch from DOUGLAS M. CRAWFORD
U.S. Agricultural Attaché, Madrid

Malaysia Expedites Large-Scale Land Development

To promote rural development, expand agriculture, and raise the standard of living of landless families, the Government of Malaysia has been expediting large-scale land development through its agency—The Federal Land Development Authority (FLDA). From its inception in 1965 through 1968 the FLDA has resettled about 16,000 families on 74 new land projects hewn from the jungle. (See *Foreign Agriculture* Nov. 4, 1968 for a photographic review of the jungle clearing.) There are currently 51 rubber projects on a total of about 128,000 acres and 23 oil palm projects on an area of about 91,000 acres. Each farmer is allotted 8 to 10 acres of land, newly cleared and planted with rubber or palm, a comfortable cottage, and enough land around it to grow fruits and vegetables for personal consumption. The farmer can extend payments over a 10- to 11-year period.

The land chosen for FLDA projects must be fertile and the area large enough to provide for installation of infrastructure facilities and other services including provisions for processing. Because the fruit must be processed within 24 hours after harvesting to insure the quality of the end product, areas under 5,000 acres are not considered economic for oil palm cultivation unless processing facilities are available within a radius of 50 miles. The proximity of processing facilities is not as important with rubber projects since the latex and other unprocessed products can be carried long distances without affecting the quality of the end product. Rubber projects are generally planned for about 3,000 to 3,500 acres and oil palm from 5,000 acres with a reserve of 1,000 to 1,500 acres wherever possible for future expansion.

The FLDA land projects are expected to become big foreign exchange earners because the two main crops on the projects are also Malaysia's key export commodities.

In order to achieve large-scale economy in capital expenditure and personnel and maximum utilization of plant and equipment establishments, the FLDA is now progressing from the earlier types of land settlements—fringe developments of a few thousand acres located along rivers or existing roads —to regional land development in the more remote part of West Malaysia. The Jengka triangle land settlement project, projected over a period of 12 years from 1966 through 1977, is the first of what may become a series of regional land schemes. Plans call for the development of about 164,000 acres which will include approximately 66,000 acres planted to oil palm, 28,000 to rubber, 28,000 acres for facilities and 42,000 acres for other agriculture and forests.

In addition to the Jengka triangle land scheme, three other regions encompassing some 3.2 million acres in the more remote part of West Malaysia have been earmarked for development. —Based on dispatch from DALE K. VINING
U.S. Agricultural Attaché, Kuala Lumpur

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Current prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	Nov. 18	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	1.93	−2	2.02
USSR SKS-14	(1)	(1)	1.96
Australian Prime Hard	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	1.84	0	1.97
15 percent	1.89	−3	2.01
U.S. No. 2 Hard Winter:			
13.5 percent	1.75	−2	1.91
Argentine	(1)	(1)	1.80
U.S. No. 2 Soft Red Winter	1.57	+5	1.76
Feedgrains:			
U.S. No. 3 Yellow corn	1.47	+4	1.41
Argentine Plate corn	1.78	+4	1.47
U.S. No. 2 sorghum	1.46	+1	1.38
Argentine-Granifero	1.47	+3	1.35
Soybeans:			
U.S. No. 2 Yellow	2.77	+3	3.04

[1] Not quoted.
Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Large Hungarian Wheat and Corn Crops

The third record wheat crop in a row has enabled Hungary —long a net importer—to place a sizable quantity of wheat on the world market. As of late October, an exportable surplus of 600,000 metric tons was reportedly available, of which 230,000 tons had already been sold with 200,000 tons contracted for shipment by the end of the year.

The corn crop is also expected to be good. Thus, Hungary's need for feedgrains will probably be covered this year.

U.S. Trade in Livestock and Meat

Due to stronger foreign demand for pork and variety meats, growth in U.S. exports of livestock and meat products outpaced growth in U.S. imports during the first 9 months of 1969. Exports were up 22.0 percent to $371.0 million compared with those of 1968, while imports were up 7.8 percent to $876.8 million. Although U.S. trade in livestock and meat products is rising, it remains small relative to domestic production: in 1968, cash receipts from farm marketings of livestock products, excluding dairy and poultry, totaled approximately $15.8 billion.

Compared with last year's level, total red meat imports rose only 1.3 percent in September, bringing the January-September total to 1,277.4 million pounds compared with 1,178.5 million pounds. Increases were recorded for January-September imports of boneless beef and lamb, but imports of pork, mutton, and goat meat were down. Boneless beef, used primarily for manufacturing, accounts for the majority of U.S. beef and veal imports. Specialty items, such as canned hams and shoulders, constitute the majority of U.S. pork imports. The recent rapid rise in lamb imports in part reflects higher U.S. prices.

Total wool imports were down 25.1 percent during January-September because of decreased domestic milling and reductions in domestic stocks. Also down were all categories of U.S. hide and skin imports, except kip. Cattle imports, mainly from Mexico and Canada, were down 12.1 percent to 549,494 head. Hog imports declined from 18,125 head to 8,046 because Canada, the sole supplier, has smaller export supplies and rising pork prices. Other classes of live-animal imports were up.

Total red meat exports during January-September totaled 142.7 million pounds—68.1 million pounds above the year-earlier level. Pork exports, mainly to Japan and Canada, accounted for most of the increase—January-September exports were up from 40.8 million pounds to 108.0 million pounds and were valued at $43.6 million. Variety meat exports were down from September 1968, but the January-September total,

U.S. EXPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	September		January-September	
	1968	1969	1968	1969
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Animal fats:				
Lard	16,363	21,706	139,398	176,668
Tallow and greases:				
Inedible	177,162	141,196	1,682,236	1,452,355
Edible	782	1,209	6,848	10,526
Meats:				
Beef and veal	2,095	1,828	20,176	19,447
Pork	10,552	10,325	40,784	107,953
Lamb and mutton	122	91	1,291	1,216
Sausages:				
Canned	137	259	1,095	967
Except canned	290	229	2,225	2,867
Meat specialties:				
Canned	235	85	1,181	1,014
Frozen	255	185	1,480	1,971
Other canned	655	688	6,349	7,243
Total red meats[1]	14,347	13,686	74,582	142,676
Variety meats	23,906	19,399	158,008	167,303
Sausage casings:				
Hog	422	674	4,547	5,679
Other natural	505	498	2,785	2,931
Mohair	1,925	1,001	9,257	10,201
Hides and skins:				
Cattle parts	4,023	2,182	25,757	25,564
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	1,183	1,230	9,265	10,804
Calf	85	72	1,511	993
Kip	45	38	259	346
Sheep and lamb	373	246	2,910	2,823
Horse	8	7	59	48
Goat and kid	29	17	183	267
Livestock:	*Number*	*Number*	*Number*	*Number*
Cattle and calves	4,468	4,071	27,480	27,743
Sheep, lambs, and goats	7,304	8,578	101,526	96,186
Hogs	770	1,151	8,830	12,955
Horses, asses, mules, and burros	1,329	553	10,204	8,237

[1] May not add due to rounding.
U.S. Department of Commerce, Bureau of the Census.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	September 1968	September 1969	January-September 1968	January-September 1969
Red meats:				
Beef and veal:				
Fresh and frozen:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Bone-in beef:				
Frozen	1,068	1,039	8,092	6,034
Fresh and chilled	2,094	648	13,818	7,327
Boneless beef	106,564	112,621	677,093	780,857
Cuts (prepared)	139	181	1,047	1,205
Veal	780	1,445	14,553	17,171
Canned beef:				
Corned	9,382	7,689	68,478	68,378
Other, incl. sausage	1,350	3,289	10,983	16,557
Prepared and preserved	8,801	7,278	53,875	49,535
Total beef and veal [1]	130,179	134,186	847,935	947,059
Pork:				
Fresh and frozen	3,216	2,743	38,075	33,746
Canned:				
Hams and shoulders	22,070	18,175	173,444	175,560
Other	3,867	2,609	31,104	22,111
Cured:				
Hams and shoulders	94	114	1,635	1,484
Other	255	307	3,103	2,810
Sausage	153	267	1,713	2,531
Total pork [1]	29,654	24,217	249,076	238,244
Mutton and goat	4,962	5,681	53,963	43,596
Lamb	2,431	5,261	13,203	33,095
Other sausage	634	758	5,579	6,247
Other meats	1,356	1,249	8,770	9,184
Total red meats [1]	169,215	171,351	1,178,529	1,277,426
Variety meats	189	453	2,674	3,055
Meat extract	53	55	519	673
Wool (clean basis):				
Dutiable	8,154	5,122	103,487	72,846
Duty-free	12,456	7,134	93,757	74,967
Total wool [1]	20,612	12,254	197,242	147,814
Animal hair	816	176	5,847	4,665
Hides and skins:	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	37	26	358	229
Calf	48	15	325	283
Kip	27	18	202	245
Buffalo	52	23	412	369
Sheep and lamb	2,358	1,507	27,773	19,198
Goat and kid	344	349	4,228	3,987
Horse	11	6	206	147
Pig	73	46	556	525
Livestock:	*Number*	*Number*	*Number*	*Number*
Cattle [2]	30,464	11,990	624,964	549,494
Sheep	1,841	1,743	3,053	3,424
Hogs	1,293	1,043	18,125	8,046
Horses, asses, mules, and burros	288	285	2,459	2,566

[1] May not add due to rounding. [2] Includes cattle for breeding.
U.S. Department of Commerce, Bureau of the Census.

at 167.3 million pounds, was up 5.9 percent.

Of the animal fats, lard exports during January-September —primarily to the United Kingdom—were up 26.7 percent from last year's level, to 176.7 million pounds; but inedible tallow exports, at 1,452.4 million pounds, were down 13.7 percent. Decreased shipments to the two major markets—Japan and the European Community—accounted for most of the decline. However, because of the higher unit prices, the value of U.S. exports of tallow and greases was almost unchanged from the year-earlier level and totaled $101.5 million.

Of the various export categories of hides and skins, cattle, kip, goat, and kid showed substantial increases over year-earlier January-September levels, while declines were recorded for the remaining categories. The value of U.S. exports of hides and skins was up 25.3 percent to $111.3 million. As a result of this increase, hides and skins replaced tallow and greases as the leading U.S. livestock and meat product export. Greater shipments of cattle hides to the USSR and Eastern Europe accounted for most of this increase; increased shoe production in these countries led to purchases of U.S. cattle hides totaling 1.9 million pieces in January-September 1969, compared with 772,000 pieces a year earlier.

Exports of cattle and calves during January-September were slightly above the year-earlier level, while hog exports, mainly to Mexico, increased 46.7 percent to 12,955 head. Declines were recorded for the other classes of live-animal exports.

Canadian Flue-Cured Tobacco Market

Marketing of the 1969 Canadian flue-cured tobacco crop began Thursday, November 6. Although growers were generally disappointed with prices offered, about 37 percent of all tobacco auctioned was rejected. Prices were down on top-quality grades; lower-quality tobacco appeared to bring better market value. In past years opening day prices have generally been lower than the overall average for the crop.

A total of 1,423,000 pounds of tobacco was sold on opening day at an average price of 59.6 U.S. cents per pound, compared with 1,915,000 pounds at an average price of 58.3 U.S. cents in 1968.

Current estimates place the 1969 Ontario flue-cured crop at 210 million to 225 million pounds, possibly the largest crop ever produced in Ontario. The goal set last spring was for a production of 200 million pounds.

South African Pears, Peaches Damaged

An earthquake followed by hail and rainstorms has damaged South African peach and pear crops, reducing 1970 supplies of fruit for canning. Trade reports indicate that most serious damage was suffered by the pear crop.

Australian Tariff on Imported Almonds

On October 13, 1969, the Australian Government replaced the sliding-scale duty on almonds with a fixed ad valorem duty of 15 percent. Under a sliding scale, assessment decreases as the value of the item increases. Under ad valorem, however, the duty on packaged and processed almonds (which entered virtually duty free under the old schedule) will increase substantially, while lower priced natural kernel almonds will incur a smaller rise in duty.

The Almond Control Board records indicate that the United States exported 1,384,924 pounds (kernel weight) of almonds to Australia during the 1968-69 season, up from 1,252,545 pounds the previous season.

Australia's Canned Pineapple Production

Canned pineapple production in Australia for 1969 is estimated at 1.34 million cases (basis 24/2½'s) down 11 percent from the 1968 output. A smaller crop of good-quality fruit for canning—the result of both drought and heavy rains in the producing areas—is the principal reason for the decline. An increased volume of pineapples is expected to be diverted to the production of juice, yielding a juice pack of 914,000 cases, compared with the 672,000 cases produced a year ago. The pack of tropical fruit salad is forecast at 443,000 cases,

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10 percent above the 1968 production.

In January-September 1969, Australia exported 271,000 cases of canned pineapple; total exports for the year are projected at 400,000 cases. In 1968, it had exported 597,000 cases, 7 percent less than the 1967 volume. Over 75 percent of the 1968 exports went to the United Kingdom and Canada, with the United States and New Zealand receiving most of the remainder.

SUPPLY AND DISTRIBUTION OF AUSTRALIAN CANNED PINEAPPLE PRODUCTS

Item	1967	1968	1969 [1]
	1,000 cases [2]	*1,000 cases* [2]	*1,000 cases* [2]
Canned pineapple:			
Beginning stocks (Jan. 1)	196	207	109
Production	1,755	1,499	1,336
Total supply	1,951	1,706	1,445
Exports	640	597	400
Domestic disappearance	1,104	1,000	1,045
Ending stocks (Dec. 31)	207	109	—
Total distribution	1,951	1,706	1,445
Canned pineapple juice:			
Beginning stocks (Jan. 1)	236	216	—
Production	1,248	672	914
Total supply	1,484	888	914
Exports	23	39	45
Domestic disappearance	1,245	849	869
Ending stocks (Dec. 31)	216	—	—
Total distribution	1,484	888	914
Tropical fruit salad:			
Beginning stocks (Jan. 1)	21	12	—
Production	501	403	443
Total supply	522	415	443
Exports	109	94	40
Domestic disappearance	401	321	403
Ending stocks (Dec. 31)	12	—	—
Total distribution	522	415	443

[1] Preliminary. [2] Basis 24/2½'s (45 lb.)

French Fresh-Milk Retail Price Up

The French Ministers of Agriculture and Finance announced recently an increase of about 1.4 cents per gallon in the retail price of fresh milk for consumption. This is about a 4-percent increase and is to be paid directly to the producers.

The Ministers also announced that measures would be taken so that prices paid for milk used in processed products would harmonize with the new price of milk for consumption. It is estimated that 29 percent of cow milk is used to manufacture cheese; 38 percent, for powdered milk and butter; and 33 percent, for fresh consumption.

The average annual per capita consumption of milk in France is estimated at 27.7 gallons to 29.1 gallons. However, the increased price is not expected to have much effect on the cost of living index because milk only accounts for 1.4 percent in an index of 259 items.

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